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TO RUEHC/SECSTATE WASHDC 9889
INFO RUEHBO/AMEMBASSY BOGOTA 7934
RUEHCV/AMEMBASSY CARACAS 3357
RUEHLP/AMEMBASSY LA PAZ JAN LIMA 2999
RUEHGL/AMCONSUL GUAYAQUIL 4044
RUCPDO/DEPT OF COMMERCE WASHDC
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SIPDIS

USTR FOR BENNETT HARMAN

E.O. 12958: N/A
TAGS: [ETRD](#) [ECON](#) [EC](#)
SUBJECT: ECUADOR DEMARCHE RESPONSE - IMPORT RESTRICTIONS

REFTEL: STATE 4902

¶1. (SBU) On January 16, the DCM delivered reftel demarche to Susana Cabeza de Vaca, Coordinating Minister for Production and head of COMEXI, Ecuador's trade policy council, and to Ministry of Foreign Affairs Under Secretary for Bilateral Relations Carlos Jativa. Cabeza de Vaca said that she had been working on the balance of payments safeguard measure all day, as well as meeting with importers regarding their concerns. She asserted that Ecuador would abide by WTO rules and that the measure would be WTO consistent. She noted that COMEXI would still be making adjustments to the measure for several more days.

¶2. (SBU) While details of the measure are not yet available, we understand from the press and from talking with COMEXI that it will affect consumer goods in 627 tariff lines, and will be applied to all countries for one year. Importers will restrict imports to a reduced percentage (likely 70%) of the 2008 import levels for certain goods, and tariffs will be increased on other products. In contrast to initial GOE plans, there will be no import prohibitions and tariffs will not be increased to 500%. A COMEXI representative explained that the measure was expected to cut imports by \$1.5 billion (President Correa had sought a \$2.2 billion cut, but the representative explained that the GOE would seek a loan for the balance).

¶3. (U) Vice Minister for Trade Miguel Egas has requested a meeting with the Ambassador on January 22 to explain the measure. We will report additional details when available.

HODGES